

GOVERNOR'S 1999-00 BUDGET PROPOSAL FOR: TRANSPORTATION

The Governor's budget proposes expenditures on roads, highways, mass transit, vehicle licensing and registration, and public safety of \$9.8 billion, an increase of \$1.6 billion, or 19 percent, over revised current year spending. Transportation funding includes the Department of Transportation, California Transportation Commission, California Highway Patrol, Department of Motor Vehicles, Special Transportation Programs, High Speed Rail Authority, and Office of Traffic Safety as shown in Table 1. Transportation programs are funded with state and federal fuel taxes, sales and use taxes on diesel fuel, bond proceeds, motor vehicle and driver licensing fees, truck and trailer fees, and local sales taxes.

Table 1

TRANSPORTATION EXPENDITURES (Dollars in millions)			
Agency	Revised 1998-99 Expenditures	Proposed 1999-00 Expenditures	Percent Change
Caltrans	\$6,356	\$7,942	25
California Highway Patrol	833	885	6.2
Department of Motor Vehicles	617	596	-3.4
California Transportation Commission	229	227	-.9
Special Transportation Programs	100	100	0
Office of Traffic Safety	42	42	0
High Speed Rail Authority	\$3	\$3	0

MAJOR PROPOSALS

The major proposals for transportation include:

- \$754 million for road maintenance, an increase of \$63 million, or nine percent, over 1998-99 funding. This investment aims to protect the highway system by increasing safety-related maintenance activities and by preserving roads and related infrastructure. Every \$1 spent on maintenance saves \$4 in major rehabilitation.
- \$12.7 million to preserve funding for the State Transit Assistance Program at the current level of \$100.3 million, which stands at 14.5 percent above the statutory minimum. The State Transportation Assistance program provides subsidies for local agencies to operate mass transit systems.
- \$6.8 million for seismic research related to improving design of California's bridge structures and to support a Government-Industry Partnership Program to research basic ground movement.
- \$405 million for seismic retrofit of the state's toll bridges in 1999-00, reflecting legislation passed in 1997 that spreads the seismic retrofit costs across the state by using state funds, while also relying on a one-dollar surcharge on affected state toll bridges.
- \$5.8 million above 1998-99 levels for maintenance and operations of traffic-management technologies and systems, including freeway ramp meters, traffic loop detectors, transportation management centers, and high-occupancy vehicle (carpool) lane system management.
- \$750,000 to expand intercity rail service by initiating a fourth train on the Capitol Corridor between Oakland and San Jose.
- \$713,000 for the Department of Motor Vehicles for seven pilot projects to explore ways for the state to provide better customer service for Californians.
- \$1.6 billion in subventions for local transportation agencies for existing and new highway and off-highway projects.
- \$7.9 million for preparation of the 2002 State Transportation Program (STIP) and to prepare project study reports for projects to be funded with additional Transportation Equity Act for the 21st Century (TEA-21) funds.

DEPARTMENT OF TRANSPORTATION

The Department of Transportation (Caltrans) constructs, operates, and maintains a comprehensive transportation system of more than 15,200 miles of highways and freeways. Caltrans also provides rail passenger services under a contract with Amtrak and provides support to local airports. The Governor's budget proposes \$7.9 billion for 1999-00, an increase of \$1.5 billion, or 23 percent, over revised current-year funding. The proposed budget also includes an increase of personnel years by 439.1 to 20,449.7, an increase of 2.2 percent.

Highway Maintenance: The Governor's budget proposes \$754 million for maintenance of the State Highway System (SHS), a significant increase of \$63 million, or nine percent, over revised current year funding. Throughout most of the decade, highway maintenance has been significantly underfunded as a result of scarce funds and increasing seismic retrofit costs.

The funding increase for maintenance reflects the Administration's desire to make prudent investments in California's suffering infrastructure. Every \$1 spent on highway maintenance saves \$4 from having to be spent on major rehabilitation in the future.

The budget also includes \$6.1 million above 1998-99 levels for maintenance and operations of traffic-management technologies and systems, including freeway ramp meters, traffic loop detectors, transportation management centers, and high-occupancy vehicle (carpool) lane system management.

Additional State Transportation Improvement Program (STIP) Funds: The 1998 STIP programmed \$4.6 billion for new capital transportation projects throughout the state. Since the adoption of the 1998 STIP, an additional \$1.6 billion has been identified for capital projects. As a result, the California Transportation Commission (CTC) may adopt an amendment to the 1998 STIP to program the additional funds later in 1999.

Of the funds available to be programmed, \$860 million is a result of the reauthorization of federal transportation funds, the Transportation Equity Act for the 21st Century (TEA-21), providing more funding for California than previously anticipated. The remaining \$740 million is a result of revised revenue estimates, including \$600 million as a result of revised estimates of projects' cash flow and \$140 million in revised reserves.

It is not known at this time whether all of the funds will be programmed in the 1998 STIP amendment or reserved for programming in the 2000 STIP. Once the amount of funds programmed is known and the projects identified, the Administration expects to requests funding for additional capital outlay support staff to deliver the new projects.

To ensure on-time delivery of existing and future programmed STIP projects, Caltrans is developing a system by which a single project manager is responsible for entire delivery of a project rather than having the project divided among various managers who are responsible for portions of the project. In addition, the Governor proposes \$530,000 to hire consultants to develop standards and create an automated method of evaluating potential projects. The work of the consultants will enable Caltrans to better assess project support costs and schedules.

Account Repayments: During the early 1990's, several hundred thousand dollars were shifted away from transportation funds and to the General Fund in order to address significant General Fund shortfalls. Some of the fund shifts were in fact loans and needed to be paid back, while some shifts were not intended to be repaid. Last year, the 1994 \$91.5 million loan from the Public Transportation Account to the General Fund was repaid. This year, it may be necessary to repay funds shifted away from the State Highway Account.

A recent court ruling determined that the state must repay a \$162 million shift from the SHA to the General Fund. Once the final order is entered, the state will need to comply and repay the SHA. However, until the final order is entered, there may be a chance to work out a repayment plan that addresses the concerns of the court, while protecting the General Fund. Also, an additional \$130 million may need to be repaid as a result of a complicated shift of funds among the SHA, the Motor Vehicle Account, and the General Fund. Additional briefs are expected to be filed with the court before a final ruling will be made.

Intercity Rail Service: Through a contract with Amtrak, Caltrans administers intercity passenger rail services on three routes. The routes include: the San Diegan, which runs between San Diego, Los Angeles, Santa Barbara, and San Luis Obispo; the San Joaquin, which currently runs between Bakersfield, Stockton, and Oakland; and the Capitol, which runs between Roseville, Sacramento, Oakland, and San Jose.

The budget proposes \$750,000 add a fourth train to the Capitol Corridor to run between Oakland and San Jose. The funds will enable the fourth train that currently runs between Roseville, Sacramento, and Oakland, to continue all the way to San Jose.

Public Transportation Account Status (PTA): The PTA continues to face insolvency in the near future. PTA revenues are generated primarily through a sales tax on diesel fuel, and lower diesel prices have reduced PTA revenues. This factor, along with significant PTA revenues being allocated to seismic retrofit projects, has resulted in the impending insolvency of the account.

As a result no new PTA funds can be programmed for projects. This is significant because the California Constitution prohibits the use of other state transportation funds for mass transit and rolling stock purposes, such as to purchase new buses or rail cars. The Administration seeks to address the issues surrounding the PTA as it conducts a comprehensive review of transportation policy and financing.

DEPARTMENT OF MOTOR VEHICLES

The Department of Motor Vehicles' (DMV) responsibilities include protecting the public interest in vehicle ownership by registering vehicles and promoting public safety on roads and highways by issuing driver licenses. In addition, the DMV licenses and regulates vehicle-related businesses and provides revenue collection services for state and local agencies.

The Governor's budget proposes \$617 million for the DMV, a decrease of \$21 million, or 3.4 percent, below revised current year spending.

Improving Service to the Public Pilot Projects: The Governor has designated the DMV as the pilot department to demonstrate the Administration's initiative: Improving Service to the Public. To begin implementation of the initiative, the budget proposes a total of \$713,000 for seven projects to explore innovative means serving the public better at a less cost. The pilot projects are as follows:

- \$99,000 to provide Internet scheduling via the DMV's World Wide Web Site to enable customers to arrange their own appointments at local field offices;
- \$43,000 to enable customers to submit refund requests via E-mail;
- \$28,000 to test a customer guide in the Local Talk section in the four Orange County and one Los Angeles County Yellow Pages, to be accessible by local telephone. The guide would provide routine information to the public, such as policies, programs, regulations, and office hours and locations, which should enable field office and call center staff to focus on other calls;
- \$157,000 for new queuing systems in local field offices which would determine if computerized queuing systems reduce wait-times, line lengths, and efficiently manage workflow;
- \$11,000 to research development of a prototype for an ATM-type device that would enable customer to process their own DMV transactions;
- \$55,000 to contract for the redesigning of the DMV's automated telephone response system in a way that increases the volume and type of business conducted via the telephone; and
- Funding to expand a current program that enables business partners, particularly car dealerships, to electronically process registration transactions, issue license plates and stickers, and pay fees electronically.

Information Technology Improvements: The Governor's budget proposes \$6.7 million to address the need to replace outdated automated systems within the DMV. This amount includes \$4.9 million to begin the first phase of a four-year project to replace the current financial system, which was designed in 1960 and implemented at the DMV in 1980. Once the system is replaced, the DMV will be better able to comply with legislative mandates and to expand the use of electronic transactions.

The budget also proposes \$984,000 to begin the process of replacing the vehicle registration system and \$857,000 to begin the process of replacing the driver licensing system. The current systems use technologies that make it difficult to add new programs or to accommodate databases.

CALIFORNIA HIGHWAY PATROL

The California Highway Patrol (CHP) is responsible for ensuring the safe, lawful, and efficient transportation of persons and goods along the state's highway system, and providing protective services and security for state employees and property.

The Governor's budget proposes \$885 million for the CHP, an increase of \$52 million, or 6.2 percent, over revised current year funding.

Telecommunications Improvements: The CHP faces having to upgrade current analog telecommunications equipment to digital technologies. This is expected to be a costly transition, which has prompted the Governor to propose a task force to identify alternatives to the wholesale replacement of radio equipment at the CHP and other state agencies.

Regardless of any final determination concerning the implementation of digital technologies, any transition would take a number of years. As a result the Governor proposes \$3.2 million for the necessary maintenance of existing systems. This includes funding to add microwave equipment to four existing radio sites with limited radio coverage and to develop three remote sites where communications are currently unavailable. The proposal also calls for funding to begin a three-year replacement of communication operator radio consoles.

Patrol Officer Environment Automation Project (POEAP): The budget proposes to augment the POEAP by \$3.7 million, which completes the multi-year expansion of the project. The POEAP aims to enhance service, improve officer safety, and increase staff efficiency.

The increased funds will primarily be used to equip an additional 358 CHP vehicles with laptop computers. The computers link directly to state and local law enforcement automation systems, which provide access to databases of the Department of Motor Vehicles and the Department of Justice. The reported benefits of the laptop computers include: reducing radio congestion so that lines are available for critical situations; enhancing efficiency of report filing in order to increase officer patrol time; and providing more complete information to officers through direct electronic access to enforcement data.